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Methods to Prevent Duplication

By Eugene B. Abrams, Paris

The need for coordination of the various national efforts, to assist what is now commonly referred to as the underdeveloped nations, becomes quite apparent when one looks at the various dimensions of bilateral foreign assistance. In 1965, the equivalent of over \$ 6,000 million flowed from the Member countries¹ of the Development Assistance Committee (DAC) of the OECD, as official assistance to the less-developed countries. The flow took a variety of forms ranging from cash grants and gifts of foodstuffs and equipment to loans for development projects, whose terms and conditions varied widely.

Seen from the vantage point of assistance-providing capitals, where the decisions are made as to the levels and types of assistance to be provided, the complexity of the total effort is apparent. Seen, however, from the point of view of the field mission, or of the recipient country, the complexity of assistance flows becomes even more clearly visible. To give some idea of the intricacy and dimensions of the question, it may be noted that, in 1965, the 16 Members of the DAC were giving technical assistance to 92 underdeveloped countries. In that same year there were 71 underdeveloped countries receiving technical assistance from six or more DAC donors, while Kenya and Tanzania had 14 donors each from the membership of the OECD providing technical assistance. These figures do not take into account specialised agencies of the UN, countries that do not belong to the OECD, Eastern Europe, Mainland China or, for that matter, the host of private foundations, firms and religious organisations contributing to economic development.

Coordination Defined

It is generally agreed that, as a minimum, coordination of external assistance should prevent duplication and overlapping of efforts. Ideally, of course, it should go far beyond such a negative philosophy, with an ultimate objective of ensuring that each donor is making a contribution consistent with the economic development needs of the recipient country. Coordination should also ensure that the separate elements of external assistance (e.g. transportation technical assistance, road construction development loans, food aid grants to the underemployed) are mutually reinforcing, thus, in many cases, actually decreasing the total amount of external assistance required.

¹ Australia, Austria, Belgium, Canada, Denmark, France, Federal Republic of Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, United Kingdom, United States.

It is also generally understood that financial assistance is usually less difficult to coordinate than technical assistance, because of the relative ease with which adequate information is shared among assistance sources.

Unfortunately, coordination is no simple task. It requires fairly sophisticated organisational structures, manned by competent civil servants, adjudicating the frequently conflicting needs (and desires) of both supplier governments and individual ministries within the recipient government. Indeed, in the most highly developed countries today, democratic or totalitarian, coordination among constituent parts of the government is still a long way from the ideal, despite the improved flow of information through the increasing use of modern automated aids. This is unfortunate because, by definition, most underdeveloped countries owe much of their underdevelopment to weaknesses in the areas of organisation and trained manpower. Frequently, too, this lack of organisation and skills is exacerbated by short-term political considerations (by both supplier and recipient) which result in wasteful allocation of scarce resources (foreign and domestic). All too familiar examples of this were the attempts by some recipients to "play off" aid sources against one another, based on ideological and historical stereotypes, in the vain hope that aggregate aid totals would rise.

Methods of Coordination

The ideal form of aid coordination takes place when donors pool their efforts financially through any of the various international development bodies, such as the World Bank, UN Development Program, Inter-american Development Bank, etc. However, it must be acknowledged that coordination by channelling of assistance through international bodies has two fundamental limitations. The first is that at present, and probably for the foreseeable future, no one, or combination of international organisations, can bring enough resources to bear on any one of the underdeveloped countries to make the kind of economic impact needed for development purposes. The reason for this is quite simple: the flow of resources through the multilateral agencies is such a small percentage of the combined bilateral flow that a much greater fund-raising effort than is presently feasible would have to be mounted to achieve real impact. In 1965, the Members of the DAC disbursed the equivalent of \$ 5,773.1 million through their bilateral programs while, at the same time, their contribution to the

multilateral organisations was on the order of \$ 497.6 million, or less than 10 % of the total.

One might then say that the answer is to increase greatly the flow of resources through multilateral channels. This, in fact, is being attempted by the international organisations themselves, particularly the World Bank and its soft-loan subsidiary, the International Development Association.

However, all efforts to divert funds from multi to bilateral avenues encounter, for the time being, the second of the limitations, known as "identity". This is simply the desire of donor governments to be identified clearly with projects that they finance. "Identity" is, of course, simply the total expression of the various motives which aid donors have underlying their programs. This issue of identity is not just a question of national pride in a given aid project completed successfully, but more importantly, a solid and enduring (for at least the life of the project or institution created) basis for bilateral conversations at the field level, where otherwise there might be no basis for dialogue; conversations which clearly establish (via the donor's embassy) the mutuality of attitudes and objectives of donor and recipient—a fundamental political objective of aid.

Finally, it must be recognised that the international organisations themselves, their number increasing regularly, are not exempt from the need to coordinate their efforts.

The Consortium is a form of coordination which brings together donors (bilateral and multilateral) for the purpose of harmonising their efforts in order to meet the aggregate aid requirements of a country. This is a rather rare form of coordination, since only four consortia have been formed to date; under World Bank auspices for India and Pakistan; under the aegis of the OECD for Greece and Turkey.

It should be understood that arrangements worked out within the framework of consortia are essentially bilateral in nature, in the sense that once the needs of the recipient have been defined, qualitatively and quantitatively, by discussions between the expert staff of the consortium and the officials of the recipient country, aid agreements are then negotiated directly between donor and recipient. Participation by a donor government in a consortium carries with it a fairly clear indication of preparedness to make substantial financial contributions.

The Consultative Group is another form of coordination, which brings together donors and recipient, in what is basically not a fund-raising exercise, as in the case of the consortia, but rather a device to ensure that donors have a clear understanding of the recipient country's situation, with expert analysis of economic development problems and solutions provided by the sponsors of the consultative group—usually the IBRD. This is a somewhat more widespread form of coordination since

consultative groups have been set up, or are planned, for Colombia, Tunisia, Sudan, Thailand, Malaysia, Korea and Peru by the World Bank, while the Inter-American Development Bank has made a similar initiative through the organisation of a consultative group for Ecuador. A consultative group has many of the same coordinating functions as the consortium, with the major difference being that countries participating in a consortium consider themselves committed to make a financial contribution, while some countries that participate in consultative groups do so on the basis of having a special interest in the recipient country, without feeling any particular obligation to make a financial contribution, although the sponsoring body, the IBRD, has urged that only countries which are prepared to give "substantial" assistance should join.

The Colombo Plan, formed in 1950, at Colombo, Ceylon, another form of aid coordination, can be regarded as a loose grouping of donors and recipients, whose objectives are the attainment of broad goals of economic development, with specific discussions on capital or technical assistance taking place on a bilateral basis. The "Colombo Plan for Cooperative Economic Development in South and Southeast Asia", as it is officially called, has as members the non-communist countries of South and Southeast Asia, the United States, Japan, and four Commonwealth countries outside the region (United Kingdom, Canada, Australia and New Zealand). Operating through three bodies: the Advisory Committee, the Council and the Bureau, the Colombo Plan's activities are based on the two fundamental principles that follow:

1. Each Member country participates in the development efforts of the region, according to its abilities—either as a supplier or as a recipient of assistance. This tends to blur the differences between donor and recipient.
2. Each Member country has the responsibility to coordinate external assistance flowing to it, within the framework of, inter alia, information provided through Colombo Plan mechanisms.

A measure of coordination is thus achieved through:

- ☐ collection and dissemination of financial and technical assistance data submitted by each member country;
- ☐ examination, on a regular basis, of results obtained by each member;
- ☐ preparation of documentation in connection with specific meetings (e.g. the meeting of the Advisory Committee on manpower planning), or dealing with specific aspects of technical assistance on a subject or sectoral basis (training film lists, training facilities in the region, etc.).

The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) is involved in yet a different type of coordination of bilateral aid. The

DAC was created to bring together, on a regular basis, those officials in Member countries responsible for the formulation of foreign aid policies. DAC meetings (usually held in Paris) are essentially exchanges of information, with decisions or recommendations to governments the exception rather than the rule. The DAC generally concentrates its efforts on attempts to reach a consensus among Members on such subjects as targets to be achieved by them in providing assistance on soft terms, the extent to which priority should be given to agricultural development in less-developed countries, or how to reduce the difficulties created by aid-tying.

Coordination in the Field

In addition to its principal task of providing a forum for the coordination of the policies of external assistance of its Member governments, the DAC has also been aware of the need for coordination at the field level. A major attempt to coordinate aid activities at the field level, in Thailand, is described here in some detail because of its uniqueness.

Thailand (formerly known as Siam) has been receiving technical assistance from a number of OECD Member countries since 1950, although prior to that time, and even now, technical assistance from private organisations also existed. Dependent at the outset on assistance from the United States and the United Nations, the sources of aid have been widening progressively over the years, with a total of twelve countries and the Colombo Plan having contributed, by 1965, an estimated \$ 100 million through technical assistance activities.

Over the past ten years, approximately 7,500 Thais have been sent abroad for study training under officially-financed technical assistance programs, while some 3,000 experts have similarly gone to Thailand. With an annual flow of Thai students and trainees overseas reckoned at 700 and expert arrivals in Thailand estimated at 300 per year, it appeared desirable, and even necessary, to attempt some more structured form of coordination on-the-spot.

The DAC, aware of the need for coordination at the field level, and desiring to assist the Thai Government in its efforts to strengthen the administration of foreign aid, sponsored a unique experiment, in early 1963, through the creation of a Coordinating Group in Bangkok. This Group limited its activities to one aspect of external aid—technical assistance. It was composed of representatives of those DAC Members having representation in Thailand², certain non-DAC governments (Israel, New Zealand, Switzerland), the United Nations and officials of the Thai Government.

While a certain amount of field coordination had taken place, prior to creation of the Bangkok Group, by

² Australia, Austria, Belgium, Denmark, France, Federal Republic of Germany, Italy, Japan, Netherlands, Norway, Sweden, the United Kingdom and the United States.

the Thai Government within the framework of the Colombo Plan as well as by the United Nations and the Southeast Asia Treaty Organisation, the creation of the Group focussed attention on the problem of coordination and, in the opinion of qualified observers, did much to aid the Thai Government in its efforts to "orchestrate" external technical assistance. Thus, the Thai agency dealing with foreign aid matters, the Department of Technical and Economic Cooperation, has had its ability to cope with coordination issues reinforced through the support of those governments supplying assistance.

The Bangkok Coordinating Group meets at two levels. At the ambassadorial level the meetings have generally been devoted to such broad issues as agreeing on the Group's annual program of work and, inter alia—and probably most importantly—providing a forum in which the Thai authorities can make a presentation of, for example, a three-year analysis of technical assistance requirements. Meetings have thus been of considerable value in saving time for both aid supplier and consumer. At the working level, embassy representatives, generally economic or commercial attachés charged with direct responsibility for their countries' aid programs have, for example, exchanged technical assistance project information and agreed on the format and substance of the documentation produced under the Group's sponsorship.

In response to the Thai Government's desire to accelerate economic progress in the southern region of the country, the Group employed a somewhat unorthodox method for obtaining the broad spectrum of information and judgments required for laying the foundations of a possible special technical assistance program geared to the economic development effort in the southern region. A Project Coordinator was recruited, at the Group's request, by the OECD and placed at the Group's disposal. Assisted by an OECD staff member, he in turn mobilised local resources in the form of technicians working under bilateral arrangements and experts from the various United Nations Specialised Agencies (FAO, UNESCO, IBRD, etc.). Thus, contributions from experts in Thailand under the auspices of Australia, Denmark, France, Germany, United Kingdom, United States and the United Nations were joined into a comprehensive review of certain key sectors having major impact on the economic situation in Southern Thailand—a task which no single country or agency could have easily accomplished by itself.

The modest success of the Bangkok Coordinating Group, in its passage through the experimental stage, can largely be credited to recognition by the Thai Government that additional measures were required to support its own efforts to coordinate foreign aid and to the fact that the Thai Government was a full and willing participant in the Group's activities.

It might be said that the long-range objective of the Coordinating Group is similar to that of technical assistance: the proof of its effectiveness would be in

its ultimate redundancy, since the final goal is complete coordination of external aid by the recipient government. It is probable, however, that the existence of the Group promotes an atmosphere of mutual interest in bilateral assistance programs; a gap would be left were the Group to cease its functions while foreign aid continued to flow to Thailand.

While Thailand is a country which has a relatively well-developed administrative mechanism, and might be considered by some observers as a "special case", the example set by the Bangkok Group might well be taken up in other countries. Recent official statements, by a number of aid-recipient countries in the Far Eastern region, following the example set by the Bangkok Group, have urged aid-supplying countries to join forces with them in efforts to coordinate the flow of technical assistance.

The DAC has also encouraged better local arrangements in the less-developed countries themselves, to ensure that adequate consultation on aid questions takes place. One of the techniques that has been employed by the DAC has been the adoption of a set of guidelines for the coordination of technical assistance on the spot. These guidelines quite naturally put main emphasis on the responsibility of the recipient country itself to create a central institution or bureau through which all assistance requests would be handled. This office should possess sufficient authority to enable it to ensure that aid funds are solicited for and allocated to those sectors of the economy to which the development plan has accorded

priority. The guidelines encourage donor countries and agencies to give their full support to such a central office, if it exists, and if one does not exist, to give full support and encouragement to the recipient government in its effort to create one.

The DAC guidelines have been sent by Member governments to their respective embassies and field missions. It remains to be seen what local initiatives will result from this attempt to stimulate coordination of bilateral assistance at the local level, which has been inspired by the successful experience in Thailand.

Despite the obstacles to the effective coordination of development assistance, it is apparent from the variety of institutions and techniques which have been created to deal with this immensely complex problem that the will to succeed is present. Much more needs to be done to improve the flow of information, which is the heart of coordination, particularly at the local level. The success of coordination depends in a large measure on the full participation of the aid-receiving country, and the realisation by the recipient that better coordination will make a direct and visible contribution to economic development. As the level of sophistication of the governments of the less-developed countries improves, so will there be improvement of their understanding of the need for joint action. Most of the suppliers of development assistance are now prepared to take more concrete action in support of improved coordination of their respective bilateral programs.

CZECHOSLOVAKIA

Changes in Management of Foreign Trade

By Jan Pleva, Prague

It is a matter of common knowledge that changes in the management of national economy are in progress in several socialist countries. The basic character of these changes may, however, often remain a little nebulous to an observer from abroad, especially if coming from the West. Although they proceed in the same broad current, nevertheless, they depend on a rather varied set of concrete conditions in each country, and it would be difficult, and may be even premature, to attempt a generalisation at the present moment. However, it might be useful to illustrate the general character of these measures by changes that are now being carried out in the sphere of foreign trade in one of the socialist countries, in Czechoslovakia.

Initial Situation

To give simply main characteristics of the changes without the knowledge of the background would hardly present the necessary survey; and having this in mind we might start to advantage.

It is well known that, after World War II, a system of management of national economy developed in Czechoslovakia, known as a centralistic or directive system of administration.

The reasons of this were both internal and external (economic reconstruction, ideological cold war, embargoes, etc.) and this state could be overcome to an extent only by extraordinary measures. We take it for granted that this system outlived its purpose, and new ways of management are being sought. Here, we shall outline only some traits of the old system that created a special situation for administration of foreign trade.

To begin with, foreign trade was conceived as a source from which to cover the insufficiencies of a plan based on material balances: the material plan was primary, foreign trade was being incorporated subsequently. This method could never be fully successful: exports had to be increased or imports